



DEPARTMENT OF REVENUE
Property Tax Division

Chapter 7

Manufactured Housing and Mobile Homes

PERSONAL PROPERTY MANUAL

Revised: November, 2008
Effective: **January 1, 2009**

CHAPTER 7

MANUFACTURED HOUSING AND MOBILE HOMES



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MANUFACTURED HOUSING AND MOBILE HOMES

Pursuant to A.R.S. § 42-19151, "Mobile home" means a structure that is transportable in one or more sections including the plumbing, heating, air conditioning and electrical systems that are contained in the structure and that, when erected on site, is either of the following:

1. Greater than eight feet in body width, thirty-two feet or more in body length and built on a permanent chassis;
2. Regardless of the size, used as a single-family dwelling or for commercial purposes with or without a permanent foundation.

A.R.S. §§ 42-19151 through 42-19153 provide the authority for the taxation of mobile homes as personal property. Construction standards in the manufactured housing industry were modified in 1976. The structures currently produced are referred to as "manufactured housing" rather than "mobile homes." A.R.S. § 41-2142 also provides definitions for mobile homes, manufactured housing, mobile offices, park models and recreational travel trailers, which describe the identifying characteristics of each type of structure.

In A.R.S. § 42-19151, the term "manufactured housing" has not been substituted for the term "mobile home" as it has in A.R.S. § 41-2142. The Department acknowledges those definitions provided by A.R.S. § 41-2142 as current terminology used in the manufactured housing industry, but maintains its general use of the term "mobile home" for property tax purposes. Mobile homes and other factory-built structures are subject to assessment for property taxes, including manufactured housing, unlicensed recreational travel trailers and fifth-wheels, mobile offices, and park models.



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Mobile Home Categories

A.R.S. § 41-2142 defines the following categories of structures:

Manufactured Home: A structure built on or after June 15, 1976, that is eight or more feet wide and forty or more feet long, has a permanent chassis, is transportable in one or more sections, is equipped with complete plumbing, heating, and electrical systems from the factory, and is designed to be used with or without a permanent foundation as a dwelling when connected to on-site utilities. Manufactured housing is built in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974, and Title VI of the Housing and Community Development Act of 1974. A.R.S. § 41-2142(24). Federal regulations control both the design and construction of all manufactured housing.

Mobile Home: A structure built prior to June 15, 1976, on a permanent chassis, transportable in one or more sections, and designed to be used with or without a permanent foundation as a dwelling when connected to on-site utilities. This definition does not include recreational vehicles or factory-built buildings. A.R.S. § 41-2142(26).

Mobile Office: A structure built on a permanent chassis, capable of being transported in one or more sections, and designed to be used with or without a permanent foundation as an office or commercial space when connected to on-site utilities.

Park Model: A structure built on a single chassis, mounted on wheels and designed to be connected to utilities for operation of installed fixtures and appliances. A park model has a gross trailer area of not less than three hundred twenty square feet and not more than four hundred square feet when it is set up. This category does not include fifth-wheel trailers. A.R.S. § 41-2142(30)(c).



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Recreational Travel Trailer: A structure mounted on wheels, designed to provide temporary living quarters for recreational, camping or travel use, being of a size or weight that may require a special highway movement permit when towed by a motorized vehicle, and having a trailer area of less than three hundred twenty square feet. This category includes fifth-wheel trailers. A.R.S. § 41-2142(30)(d). Most travel trailers are licensed and taxed in the same manner as motor vehicles.

For valuation and assessment purposes, no distinction is made between manufactured housing and mobile homes. Mobile offices and park models are categorized as eight feet wide and greater than eight feet wide. Travel trailers are assessed as personal property if the units are unlicensed, have expired licenses, or their use changes.

Valuation Table 14 Codes. Valuation Table 14 in Chapter 10 contains valuation factors for each of these six types of units:

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Code 721 Recreational Travel Trailers: 8' wide, 32' long or less

Code 722 Mobile Offices: 8' wide or less, 40' long or less

Code 723 Mobile Offices: greater than 8' wide, greater than 40' long

Code 724 Park Models (not Self-Contained): 8' wide, and 33' - 40' long

Code 725 Park Models (not Self-Contained): greater than 8' wide, and 33' - 40' long



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MOBILE HOME LOCATION AND IDENTIFICATION

Identification of a taxable mobile home at a specific location can be accomplished by the County Assessor in several ways. Some common methods are:

- **Manufactured Housing (Mobile Home) and Mobile Office Acquisition and Sales Report (DOR Form 82525):** A dealer or broker who participates in the sale of a previously titled mobile home unit is required to report that sale to the Department of Revenue and to the Assessor of the county in which the dealer is located, using the Manufactured Housing (Mobile Home) and Mobile Office Acquisition and Sales Report. This report contains data identifying the mobile home unit, its address of origin, the destination address, and facts concerning the sale. Mobile home dealers are not required to use the Acquisition and Sales Report to report the sale of new mobile units. It is intended only for the sales of previously titled mobile homes. Private individuals are not required to use this form to report transacted sales. The Department maintains files of mobile home sales activity for each county, based on information reported by dealers and brokers, using DOR Form 82525. Those files include a listing of previously titled mobile home units sold within the county. Availability of specific information may vary by county.
- **Mobile Home Property Tax Clearance (DOR Form 82504):** Prior to moving a mobile home from one location to another, a Mobile Home Property Tax Clearance must be issued by the Assessor of the county in which the mobile home is currently located, pursuant to A.R.S. § 28-1104(E). A Mobile Home Property Tax Clearance is required prior to the transportation of a mobile home unit greater than eight feet wide when a mobile home is transported to a new owner's premises from the factory, a dealer, or a previous owner. In these situations, the mobile home title is transferred or the unit is moved out of dealer inventory, so that mobile home would be liable for a personal property tax assessment thereafter.



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A Mobile Home Property Tax Clearance is required prior to the transportation of a previously affixed mobile home. It is not necessary to wait for issuance of a new title prior to issuance of the Mobile Home Property Tax Clearance. In contrast, a Mobile Home Property Tax Clearance is not required when a **new** mobile home is transported from the factory to the dealer's lot, or from one dealer to another. In these are situations, the mobile home is considered to be inventory and is not titled. Therefore, personal property assessment and taxation are not applicable at that time. Also, a mobile home dealer that is moving a mobile home held in inventory from one location to that same mobile home dealer's inventory in another location is not required to obtain a Mobile Home Property Tax Clearance. However, a Mobile Home Property Tax Clearance form is required when transporting a **used** mobile home from one dealer to another.

- **Mobile Home Park and Trailer Court Operator's Report to County Assessor (DOR Form 82505):** Mobile home park operators maintain registers of mobile home activity in their parks. These registers list changes in occupancy, identifying units that are moved into and out of the parks. Mobile home park operators are required to provide a copy of the register to the County Assessor each month.
- **Mobile Home and Travel Trailer Register (DOR Form 82505A):** Persons who permit a mobile home to be placed on land that they own, possess, or control, are required to keep a register of information concerning that mobile home if it is occupied as a dwelling or sleeping place for one or more persons for a period of thirty days or more, pursuant to A.R.S. § 42-19154. Register forms, as prescribed by the Department, require the disclosure of information to identify the mobile home, any lien holder, and the owner.



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- **Office of Manufactured Housing - Application for Mobile / Manufactured Home Installation Permit (ADFBL Form 189):** Prior to placing a mobile home on a site, mobile home owners are required to apply for a Mobile / Manufactured Home Installation Permit from the Office of Manufactured Housing in the Arizona Department of Fire, Building and Life Safety (ADFBL). This permit is required for either a new placement or a replacement mobile home on site. Typically, the zoning departments of county, city or town governments provide the County Assessors with copies of installation permits.
- **Motor Vehicle Division of the Arizona Department of Transportation:** The Motor Vehicle Division (MVD) provides the counties with a monthly report which lists applications for title and transfers of title for mobile homes and travel trailers in that county. Specifically, the report identifies title applications for new units, and the recent sales of existing units. Information from this report may be used to update ownership records.
- **Arizona Business Property Statement (DOR Form 82520) or Arizona Agricultural Business Property Statement (DOR Form 82520A):** A mobile home is occasionally reported on one of the above-discussed Arizona Personal Property Statements. If a mobile home is listed on one of these forms, the County Assessor should verify that the unit has been properly assessed.
- **Mobile Home Park Field Checks:** Appraisers periodically recanvass mobile home and travel trailer parks to list mobile homes that may not be on the tax roll. Field checks may identify new improvements (add-on items), such as carports, porches, and concrete slabs that have not been previously listed.



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- **Real Property Field Checks:** In the course of their field work, real property appraisers often discover unreported mobile homes in use. Appraisers should list identifying information such as size, make and model number, vehicle identification number(s) (VIN) or serial number(s), to update the County Assessor's records.

ASSESSMENT OF MOBILE HOMES

Classification. In accordance with A.R.S. §§ 42-12001 through 42-12010, a mobile home is to be assigned a legal classification based on its current use.

Note: As stated previously, the Department maintains the use of the term "mobile home" as being synonymous with "manufactured home" or "manufactured housing" for general property tax assessment discussion purposes.

Affidavit of Affixture – Land Owned By Homeowner. An Affidavit of Affixture is a recorded document that is used to change the assessment of a mobile home unit from personal property to real property. The owner of a mobile home that is "permanently affixed" to real property may file an Affidavit of Affixture (DOR Form 82528) with the Assessor of the county in which the real property is located. Pursuant to A.R.S. § 42-15201(2), a "permanently affixed" mobile home is a mobile home that is installed on real property, where the real property and the mobile home have identical ownership. "Affixed" does **not** mean that the mobile home is physically attached to the land. The Affidavit of Affixture process is best thought of as a legal process, not a physical one. No physical changes to the mobile home are required in order to file an Affidavit of Affixture.

The Affidavit of Affixture must contain the information that is required under A.R.S. § 42-15203, including the VIN of the mobile home, and the legal description of the real property to which the mobile home has been affixed. The Affidavit is recorded in the same manner as a deed, and replaces the title. When an Affidavit of Affixture is recorded, A.R.S. §§ 42-15203 and 28-2063(A)(3) require that the owner surrender the original Certificates of Title or the Manufacturer's Statement of Origin (MSO) to the Arizona



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Department of Transportation (ADOT). A "permanently affixed" mobile home for which an Affidavit of Affixture has been recorded is assessed as real property. An affixed mobile home will remain on the Personal Property Tax Roll until the next Real Property Tax Roll is prepared. At that time, the County Assessor will transfer the mobile home records to the Real Property Roll, where the mobile will be listed as an improvement on the land.

Sale of Land and Affixed Mobile Home. An owner who sells an affixed mobile home **and** the land on which the mobile home is located is not required to reapply for title on the mobile home. In this instance, the ownership transfer is accomplished by recording a deed in the same manner as a real property sale is transacted.

Sale and Relocation of an Affixed Mobile Home. An owner who intends to sell an affixed mobile home apart from the land, or relocate the mobile home to other property, must reverse the process of affixture and reapply for a Certificate of Title with the Motor Vehicle Division of ADOT. After the owner submits a copy of the title application and other required information, the County Assessor will reclassify the mobile home as personal property. Requirements set by the Motor Vehicle Division to "unaffix" a mobile home are listed below. To reapply for title on a mobile home, the owner must:

- Provide a completed Application for Arizona Certificate of Title and Registration.
- Provide a copy of the Affidavit of Affixture.
- Provide a lien clearance, if applicable.
- Submit a Mobile Home Property Tax Clearance form for the real property.
- Verify the mobile home Vehicle Identification Number(s) (VIN), by providing an inspection report by a Motor Vehicle State Inspector.
- Submit a notarized Bill of Sale.
- Provide written verification that the mobile home is no longer affixed to real property owned by the applicant.
- Pay the required fees.



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Affidavit of Affixture – Mobile Home located on Leased Land. In some cases, it is permissible to file an Affidavit of Affixture to affix a mobile home to a leasehold interest in leased land. Regardless of whether a mobile home in a space rental park is affixed or not, the mobile home is still assessed as personal property. A.R.S. § 33-1501 sets very strict requirements that must be met in order to file an affidavit of affixture for a mobile home located in a rental park.

The requirements for affixing a mobile home in a space rental park are:

1. The mobile home must be installed on the rental space in compliance with applicable state and local installation standards, and the wheels and axles must be removed.
2. The rental space must be the subject of a minimum twenty-year lease between the landlord and tenant, and the lease must specifically permit an Affidavit of Affixture to be recorded.
3. A memorandum of lease, containing all of the following must be recorded:
 - The names and addresses of the landlord and tenant.
 - The duration of the primary term of the lease.
 - The conditions of any lease renewal provisions.
 - The make, year, size, manufacturer's list price and vehicle identification number(s) (VIN) of the mobile home.
 - The legal description of the real property on which the mobile home is located.
 - The acknowledged signatures of both the landlord and the tenant.
4. The lease and the memorandum of lease must both contain a legal description of the rental space on which the mobile home is located. The following are sufficient descriptions of a rental space:
 - A recorded subdivision plat that identifies the individual spaces in the community.



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- A recorded "Leasehold Map" containing a legal description of the park as a whole, which must show the locations of all rental spaces with a unique number assigned to each space. The map must identify the mobile home park by name and contain a certification by the owner that it accurately shows the location and dimensions of all rental spaces.
 - A metes and bounds description of the real property that is subject to the lease.
 - A reference to a lot number that is contained in an unrecorded plat of the mobile home park if a legible copy of the plat is attached to both the memorandum of lease and the Affidavit of Affixture and each copy of the unrecorded plat sets forth the exact dimensions of the mobile home lot. The location of the lot shall be shown on the plat so that the lot can be located with certainty.
 - A reference to a lot number that is contained in a development plan that has been reviewed and approved by the county or municipal planning department that has jurisdiction over the land depicted in the development plan. The description is sufficient if it contains the name and date of the development plan, the lot number of the designated lot and the actual or approximate date of approval of the development plan by the planning department.
5. The Affidavit of Affixture shall contain all of the following:
- The make, year, size, manufacturer's list price and vehicle identification number(s) (VIN) of the mobile home.
 - The legal description of the rental space.
 - The identity of the most recent person to whom a personal property tax bill on the mobile home was sent and its location when last taxed. Alternatively, a statement that the mobile home has not been previously assessed or taxed.
 - The identity of the lien holders on the mobile home.
6. The certificate of title must be surrendered to MVD and a receipt for the title must be filed with the County Assessor.



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Selection of Tax Roll. Mobile homes permanently affixed to land owned by the mobile home owner for which an Affidavit of Affixture has been recorded must be placed on the Real Property Tax Roll as an improvement to the land, pursuant to A.R.S. § 42-15202 (et. seq). A mobile home for which an Affidavit of Affixture has not been recorded must be placed on the Personal Property Tax Roll. A mobile home located on leased land, and for which an Affidavit of Affixture has been recorded, must be assessed on the Personal Property Tax Roll. The County Assessor values all mobile homes (regardless of which roll the unit is listed on) at market value. Full cash and limited property values are calculated for all mobile homes. Pursuant to A.R.S. § 42-13304(A)(1), items of personal property, except for permanently affixed mobile homes not located in rental parks, are not subject to a limited property value determination.

EXEMPTIONS

Although Arizona law authorizes exemptions for widows, widowers and disabled persons, reference to personal property tax exemptions in this manual are limited to two items regarding mobile homes: specifically, Arizona residency status and the taxation of military personnel. Information pertaining to other exemptions may be found in the Department's Assessment Procedures Manual.

Arizona Residency Status. Pursuant to A.R.S. § 42-19153(3), taxation shall not apply to mobile homes properly licensed in another state which are owned by a bona fide tourist in this state. Taxation does apply to owners who are residents of Arizona as defined by statute. For the purpose of determining whether or not a mobile home in this state is subject to the tax provisions and the requirements regarding titling under the provisions of Chapter 19, Article 4, "resident" includes the following:

- a. A person, except a tourist or an out-of-state student, who owns, leases or rents a dwelling in the state and occupies it as a place of residence.



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- b. A person who, regardless of domicile, remains in the state for a consecutive period of six months or more.
- c. A person who engages in a trade, profession or occupation in this state, or who accepts employment in this state in other than seasonal agricultural work.
- d. A person who places a child in a public school without paying nonresident tuition.
- e. A person who declares that the person is a resident of this state for the purpose of obtaining, or paying at resident rates, a state license or tuition fees at an educational institution that is maintained by public monies.
- f. Any individual, partnership, company, firm, corporation or association that maintains a main office, branch office or warehouse facilities in the state and that bases and operates motor vehicles in this state.

The provisions of Chapter 19, Article 4 do not apply to "any trailer that is eight feet or less in width and less than thirty-two feet in length and that is not used as a place of residence or for a commercial purpose" (i.e., a travel trailer). A license tax in lieu of ad valorem property taxes is assessed on those trailers in the same manner as on other vehicles." A.R.S. § 42-19153(2).

Soldiers and Sailors Civil Relief Act. For those persons serving in the United States armed forces, the Soldiers and Sailors Civil Relief Act establishes federal policy regarding taxation of military personnel who are on active duty in locations other than their state of domicile. In most cases, the host state (Arizona) cannot impose personal property taxes on property owned by persons in the military service if they are domiciled in another state but are stationed in Arizona solely due to military orders. 50 U.S.C.S. Appx. § 574. There are three specific cases in which mobile homes, or other items of personal property owned by military personnel, are subject to taxation in Arizona:



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1. Personal property owned by military personnel and used in a trade or business is subject to taxation by the presiding jurisdiction. States and their political subdivisions are not prohibited from taxing business personal property owned by service personnel residing in the state solely by reason of military orders.
2. Any mobile home owned by a person in military service is subject to property taxation if that person's legal residence is Arizona upon entering military service, unless that person changes their residence to another state within the meaning of the Soldier's and Sailor's Relief Act.
3. An affixed mobile home, which is no longer considered to be personal property, is subject to taxation even though it is owned by a person in military service who is present in Arizona solely for the reason of military orders. An affixed mobile home is a mobile home for which an Affidavit of Affixture has been recorded, changing the assessment of that mobile home from personal property to real property. Language in 50 U.S.C.S. Appx. § 574 clearly states that taxation applies specifically to personal property.

The joint interest of a nonmilitary owner, who has part-ownership in a mobile home with a person in military service who is present in Arizona by reason of military orders, is taxable to the extent of the joint interest of the nonmilitary owner, including the interest of a spouse of the person in military service. If a person in military service, who is present in Arizona solely by reason of military orders, is transferred to another post outside of Arizona but elects to maintain their family and mobile home in Arizona, the interest of the person in military service in the mobile home is still considered exempt from property taxation in this state.



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LISTING AND DATA ENTRY PROCEDURES

All mobile homes, park models, and travel trailers are listed using information on the title (year, make, size and factory list price) and the complete vehicle identification number(s) (VIN). Two processes are typically used, depending on whether the unit is to be assessed as personal property on the Personal Property Tax Roll, or is a mobile home subject to a current Affidavit of Affixture and is to be assessed as real property on the Real Property Tax Roll:

1. A file is created for a mobile home that is treated as personal property. That file should include the account number, name and address of the owner, mobile home code number, construction year, width and length of the unit, the VIN, and the adjusted factory price, as long as the unit is listed and valued as personal property.
2. When an Affidavit of Affixture is recorded for a mobile home, the Mobile Home Data Collection Form (DOR Form 82369) must be completed. This form contains the same information as that on the personal property file, plus information pertaining to the affixing. This information is used to enter the unit into the Department's Construction Cost system.

Mobile Home Additions and Other Improvements. Site improvements are added to the Department's Construction Cost system from the Mobile Home Data Collection Form. If, however, there are significant add-on items, or any structures on the property that the mobile home data collection form cannot accommodate, the Residential Data Collection Form (DOR Form 82361) should be used to list those items on the Construction Cost system. If the add-on items or other structures are to be listed on the Personal Property Tax Roll, the calculations of their values must be made on the Construction Cost system. The resulting values are transferred to the Personal Property Tax Roll.



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VALUATION OF MOBILE HOMES

The Department of Revenue provides two methods for the valuation of mobile homes in Arizona - the "factory list price" method and a valuation system based on square foot costs. The square foot system is available only for mobile homes that are in excess of four hundred square feet. It is not available for park models, travel trailers or mobile offices. Regardless of the valuation method chosen, mobile homes are valued at market value using standard appraisal methods and techniques.

Square Foot Method

The Department of Revenue's square foot valuation system for mobile homes is based on Marshall and Swift's square foot cost system. The key features of the square foot cost system include:

- The use of replacement cost new less depreciation rather than historic cost less depreciation.
- The quality indicator and grade are based on the original quality of the mobile home.
- There are different depreciation schedules for single- and double-wide mobile homes.
- The depreciation tables are created using affixed mobile home sales.

The replacement cost new of the mobile home is calculated based on the size of the mobile home, the number of sections, the quality of construction, its width and the type of siding. The appropriate valuation factor is applied to the replacement cost new to arrive at the replacement cost new less depreciation for each mobile home. The replacement cost will be adjusted annually to reflect changes in the manufacturing costs of new manufactured housing units.



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Factory List Price Method

The Department of Revenue provides a system for the valuation of mobile homes based on the "factory list price" adjusted to current market value. The factory list price is established at the time of factory shipment by multiplying the cost on the dealer's invoice, less the freight cost, by an adjustment factor of 1.30 and then adding back the freight cost. The dealer's invoice is the cost of the unit as shipped to the dealer's lot from the factory. Multiplying by the 1.30 factor provides for a trade-level adjustment from wholesale to retail.

For example:	dealer invoice cost	\$26,785
	less freight	<u>— 430</u>
	subtotal:	\$26,355
	multiply by 1.30 factor	<u>x 1.30</u>
	subtotal:	\$34,262
	add back freight	<u>+ 430</u>
	factory list price	<u>\$34,692</u>

The dealer will enter the factory list price in the "Manufacturer's List Price" block of the application for Certificate of Title and Registration. The Manufacturer's List Price is applicable to the production model as it was delivered from the factory. The costs of dealer-installed optional accessories or household goods should not be added to the dealer's invoice price.

When calculating the factory list price of a mobile home consisting of two or more sections, the dealer should divide the total factory list price equally between each section's application for Certificate of Title and Registration. When a dealer is not involved in a mobile home sales transaction, it is the seller's responsibility to furnish the factory list price on each application for Certificate of Title and Registration. If the factory list price is not available from the seller, an alternative source, described below, may be consulted.



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For used mobile home units transported into Arizona that are to be titled for the first time in this state, an original factory list price may be obtained from the following sources:

1. The original dealer or manufacturer may be contacted to provide information from the original factory invoice to dealer.
2. The current retail price can be use to calculate an estimated factory list price, by dividing the average retail value by the appropriate valuation factor from Valuation Table 14 in Chapter 10 of this manual.

Once the factory list price has been determined, the appropriate valuation factor is applied to it. Mobile home valuation factors adjust the factory list price to current market value. The valuation factors are adjusted annually by the Department, based on sales of mobile homes as reported each month by licensed dealers and brokers throughout Arizona. Valuation factor adjustments are made after analyzing the relationship of mobile home factory list prices and current selling prices, categorized by mobile home type and age.

All mobile homes in Arizona may be valued annually by calculating current full cash and limited property values using the valuation factors in Chapter 10 of this manual. County Assessor records should provide specific information about the Valuation Table 14 Codes, factory list prices, and the year of manufacture for all types of mobile homes. This information is matched to the current valuation factor for each mobile home type and year to produce the current full cash value of the mobile home.

Improvements. Regardless of the valuation method that is chosen for the mobile home, all other improvements to the mobile home are valued using the Construction Cost system and are added to the value of the mobile home. Items of personal property associated with the mobile home are considered to be household personal property, and therefore, are property tax exempt, pursuant to the Arizona Constitution, Article IX, Section 2(4).



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The following are some examples of items that are generally not included in the factory list price of the square foot costs of manufactured housing and mobile homes. The items are valued using the Construction Cost System. This list is for illustrative purposes only, and is not meant to be all inclusive.

Examples of Improvements Valued using the Construction Cost System:

- Central Air Conditioning (use component code KSM)
- Central Evap. Cooling (use component code KRA)
- Window cooling units installed in a wall
- Skirting
- Foundation
- Stem Wall
- Awnings
- Carports
- Storage Buildings – permanently installed
- Room additions
- Garages
- Stucco (installed after delivery)
- Tile roofing (installed after delivery).

Examples of Additional Components used for Homes Located on Private Land:

- Site preparation
- Water, gas and sewer system hookups
- Septic tanks
- Pavement (asphalt or concrete)

Examples of Household Personal Property (Exempt):

- Window cooling units
- Storage sheds – movable
- Furniture



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Additional Factors Affecting Valuation. The following are examples of additional factors that affect the value of a mobile home:

1. There has been excessive wear and tear on the mobile home due to such factors as weather, deferred maintenance or related events. In these cases, the valuation factor tables provided may not truly reflect the actual condition of the mobile home. The County Assessor may use discretion in applying depreciation after a physical inspection has been made. This is accomplished by overriding the computed value to arrive at the estimated full cash value.
2. The mobile home (usually a single-wide) has been completely absorbed by its surrounding additions, to the point that the mobile home has lost its identity. When a mobile home has been completely assimilated into the total structure, and the owner has either obtained a dismantling permit from the Department of Transportation, or has recorded an Affidavit of Affixture, the mobile home should then be valued as a part of the structure and not as a mobile home. The County Assessor should value the mobile home portion and the surrounding additions using the same standard appraisal methods and techniques as those that are applicable to any other conventionally-constructed improvement. If the owner has not obtained a dismantling permit, or has not recorded an Affidavit of Affixture, the structure (less the square footage of the mobile home) shall be valued separately from the mobile home. In this instance, the mobile home must be listed as personal property.
3. Modernization of a home tends to extend the remaining life of the improvement. Such things as bringing the electrical service or plumbing system up to date to meet code would be considered modernization. Reroofing or painting fall under the category of normal maintenance and are not, in themselves, considered to be modernization.



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4. The location of the home has an effect on the value of the home. In some areas, homes may routinely sell at a premium (for example, homes located on waterfront property, or in resort areas). In other areas, the market may be depressed, or the location may be undesirable for homebuyers. If sufficient data exists to calculate the effect of location on the value of a mobile home, the Assessor may use discretion in applying location or market area adjustments to all similarly located homes. If appropriate, the County Assessor should make the necessary adjustments by applying obsolescence, location and market area adjustments, adjusting the grade of the structure to reflect its current status, or by calculating a weighted age.

There may be instances when the County Assessor's valuation of a mobile home differs from the purchase price for that mobile home. These cases require market research to verify the valuation information. Market sales data for comparable mobile homes should be carefully examined. The County Assessor's valuation should **not** be adjusted if it is supported by information from these sources.

As with the market research of comparative sales for all types of property, the sales data used for mobile homes should be examined carefully. Market influences that may cause a sale price to be different than a mobile home factory list price include a transaction that:

- Was not an arms-length transaction.
- Was a distressed or liquidation sale.
- Involved a trade-in.
- Included delivery and set up costs.
- Yielded the buyer a better bargain, or the seller a higher price, than is typical.
- Lowered the sale price as an inducement for the buyer to purchase a parcel of land.



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TAXATION OF MOBILE HOMES

All mobile homes in Arizona are subject to property taxes from January 1 following the day they enter the state. A.R.S. § 28-2063 requires that all mobile homes kept in Arizona must be titled with the Department of Transportation, and the fee required under Title 28 shall be paid, except for those mobile homes that:

1. Are owned and held by a dealer solely for the purpose of sale.
2. Are owned and operated exclusively in the public service by the federal government or its political subdivisions. Such mobile homes are titled, but are not taxed.
3. Have a recorded Affidavit of Affixture.

The Assessor of the county in which the mobile home is located will list the mobile home on the Personal Property Tax Roll, whether or not it is titled, except in the three cases stated above. Any new or used mobile home on land owned by the home owner for which an Affidavit of Affixture is recorded will be assessed on the Personal Property Tax Roll until the next Real Property Tax Roll is prepared. When listed on the real property roll, the mobile home will be assessed as an improvement on the land. A.R.S. § 42-15204. If the ownership is transferred after January 1, the owner of record on the third Monday in August is responsible for all current-year personal property taxes.

Mobile Homes in Legal Classes One and Two. Mobile homes or mobile offices that are being used for purposes that classify them in Legal Class One, Subclasses (8), (9), (10) and (13) commercial use, or in Legal Class Two, Subclass 2(P)(a), (b), (c), (d) and (e), are eligible to receive additional statutory depreciation, pursuant to A.R.S. §§ 42-13353 and 42-13054.

In addition to the application of additional statutory depreciation, the full cash value of mobile homes or mobile offices in Legal Class One, Subclasses (8), (9), (10) and (13), or Legal Class Two, Subclass 2(P) (a) or (b), should be considered when applying the exempt



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amount allowed by A.R.S. § 42-11127. Personal property records must be reviewed to determine if those taxpayers who own mobile home units that are classified for uses other than residential also own other personal property. If so, the full cash value of the commercial or agricultural use mobile home units must be added to the full cash value of their other reported personal property. The sum of the full cash values from both sources represents a total full cash value. This total value is the starting point from which the exempt amount is deducted.

The personal property tax exempt amount is the first \$50,000 of full cash value (for the 1997 tax year), which is adjusted annually by DOR based on the percentage change in the GDP price deflator. Reference Chapter 4 for the latest tax year figure. A.R.S. § 42-11127.

Mobile Home Property Tax Clearance (DOR Form 82504). It is unlawful for any person to knowingly sell, or to move a mobile home from its location, if applicable property taxes have not been paid and are considered delinquent. A.R.S. § 42-19155. Persons involved in the sale, transfer or transport of a mobile home are required to obtain a Mobile Home Property Tax Clearance from the Assessor in the county from which the mobile home is being moved. The Mobile Home Property Tax Clearance serves as evidence of payment of property taxes applicable to that mobile home. Before issuing a Mobile Home Property Tax Clearance, the County Assessor should consult the following sources to ensure that all property taxes applicable to the mobile home are paid in full:

1. Motor Vehicle Division (MVD): Delinquent tax records for mobile homes are designated by a "code 67" in the MVD's system. If a code 67 is indicated when verifying the mobile home VIN with the MVD, the County Assessor should note the year, county and tax roll number of the delinquent taxes. MVD system records may indicate that taxes are unpaid in another county. A permit may be issued provided that there is no code 67 on the MVD's system.



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2. County Treasurer: Records of property tax payments and delinquencies in each county are maintained by the County Treasurers. In the process of tax payment verification prior to issuing a Mobile Home Property Tax Clearance, the County Assessor should note the delinquent amount in those instances where mobile home taxes are not paid.

After a request for a Mobile Home Property Tax Clearance has been made, those sources should be consulted to verify records of property tax payment. If the County Assessor discovers that there are no county records for a particular mobile home, the mobile home's VIN should be verified. If the mobile home was previously located in another county, the County Assessor of that county should be contacted to verify that there are no delinquent property taxes applicable to the mobile home.

The County Assessor who issues a Mobile Home Property Tax Clearance provides a copy to the applicant, who is typically the owner or mover. The applicant presents their copy of the form to the Motor Vehicle Division of the Arizona Department of Transportation (ADOT) as evidence of the property tax payment. The MVD will then issue a permit to haul an oversized-load, as required by ADOT for mobile homes over twelve feet wide. When issuing a Mobile Home Property Tax Clearance, the following information must be completed on DOR Form 82504:

- The name of the owner (as listed on the title).
- The location from which the mobile home is being moved.
- The prior or current mailing address.
- The manufacturer and model, year, and **complete** VIN.
- The length and width of the mobile home.
- The tax roll or account number, if assessed for current the year.
- If the mobile home is affixed, the parcel number of the land to which it is affixed.
- The name of the mover.



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- The name of county into which the mobile home is being moved.
- The name of the mobile home park, or the location of the real property to which the mobile home is being moved.
- The mailing address of the new location.

Unless the applicant provides all of the required information, the Mobile Home Property Tax Clearance should not be issued.

The Mobile Home Relocation Fund. The purpose of the Mobile Home Relocation Fund is to assist tenants with the cost of relocating their mobile homes from mobile home parks when an intended change in use of the land comprising the park occurs. A.R.S. § 33-1476(H). Refer to the "Landlord Tenant Act For Mobile Home Owners", published by the Arizona Secretary of State, for statutory references relating to the Mobile Home Relocation Fund.

Since 1989, mobile home owners who do not own the land upon which their mobile homes are located are subject to an assessment imposed on each of their mobile home units for the purpose of generating monies for the Mobile Home Relocation Fund. This assessment is limited to mobile homes located in mobile home parks only. It does not apply to park models or to travel trailers. Those mobile homes are assessed at a rate of fifty cents per one hundred dollars of the taxable assessed valuation for each mobile home unit. That assessed value is derived by applying the applicable assessment ratio as specified in A.R.S. §§ 42-15001 through 42-15010 to the limited property value. A.R.S. § 33-1476.03. The assessment is charged against the value of the mobile home only, not against the improvements or add-on items connected to the mobile home.



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FACTORY-BUILT BUILDINGS

Pursuant to A.R.S. § 41-2142(14), a factory-built building means "a residential or nonresidential building including a dwelling unit or habitable room thereof which is either wholly or in substantial part manufactured at an off-site location to be assembled on-site, except that it does not include a manufactured home, recreational vehicle or mobile home...." Previously, this chapter of the Personal Property Manual (January 1, 1997 revision) used the term "modular housing" to describe factory-built buildings. Since the term "modular housing" is not utilized in Arizona Revised Statutes, it has been replaced by the term "factory-built building." A factory-built building is to be valued as a real property improvement, using standard appraisal methods and techniques, and is not to be valued as a mobile home.